

May 11<sup>th</sup>, 2022

Press release on the earnings of Síðuneyri hf. for the first quarter of the year 2022.

## Strong Internal Revenue Growth

Síðuneyri hf.'s Consolidated Interim Financial Statement for the Q1 2022 was approved by the board on May 11<sup>th</sup>, 2022.

### Main results:

- Revenue for the first quarter (Q1) of 2022 amounted to ISK 5,682 million, an increase of ISK 682 million compared to the same period in 2021.
- EBITDA for Q1 2022 amounted to ISK 1,710 million, compared to ISK 1,388 million Q1 2021. The EBITDA margin was 30.1% in Q1 2022 compared to 27.8% in Q1 2021. Operating cost increases less than inflation due to cost cutting and gross profit increases also year on year.
- Profit in Q1 2022 amounted to ISK 207 million, compared to a loss of ISK 231 million in the same quarter last year. Of the ISK 231 million in loss, ISK 189 million relates to the sale of the Faroese associate Hey sold in end of Q1 2021.
- Cash flow from operations in Q1 2022 amounted to ISK 1.107 million compared to ISK 542 million in the same period in 2021, an increase by 104%.
- Total investments for the first quarter of 2022 amounted to ISK 819 million, thereof ISK 285 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 531 million in broadcasting license rights.
- Negative cash flow from financial activities for the first quarter of 2022 amounted to ISK 2.402 million compared to ISK 320 million in Q1 2021, the difference mainly explained by share buyback.
- The Company's equity ratio was 27.2% at the end of the first quarter of 2022.
- In the beginning of 2022, the board of directors decided to initiate a buyback program. The program started with a reverse tender offer on January 7<sup>th</sup> to January 9<sup>th</sup> followed by regular buyback of shares from January 13<sup>th</sup> to March 3<sup>rd</sup>. A total of 28.064.512 shares were purchased or 9,47% of total shares for the amount of ISK 1.860 million.
- The Annual General Meeting on March 18<sup>th</sup> approved the board's proposal of reducing the Company's issued share capital in accordance with the number of own shares. The share capital decrease was implemented on April 12<sup>th</sup> and the updated total number of shares is 268.376.962.

## Main results from operations in the first quarter of 2022:

	Q1 2022	Q1 2021	Ch.	% ch.
Revenues	5,682	5,000	682	13.6%
Cost of sales	-3,666	-3,375	-291	8.6%
<b>Gross profit</b>	<b>2,016</b>	<b>1,625</b>	391	24.1%
Operating expense	-1,615	-1,583	-32	2.0%
<b>EBITDA</b>	<b>1,710</b>	<b>1,388</b>	322	23.2%
<b>EBIT</b>	<b>401</b>	<b>42</b>	359	855%
Net financial expense	-142	-93	-49	53%
Effect of associates	0	-193	193	-100%
Income tax	-52	13	-65	-500%
<b>Profit (Loss)</b>	<b>207</b>	<b>-231</b>	438	-
<hr/>				
<i>Gross Margin</i>	<i>35.5%</i>	<i>32.5%</i>		
<i>EBITDA</i>	<i>30.1%</i>	<i>27.8%</i>		
<i>EBIT</i>	<i>7.1%</i>	<i>0.8%</i>		

Amounts are in ISK millions

### Heiðar Guðjónsson, CEO:

"We are proud to present 14% internal revenue growth year on year. Operating cost increases less than inflation resulting in an ISK 359 million increase in EBIT. We return a profit of over ISK 200 million from regular operations in the first 3 months of the year.

Due to seasonal fluctuations in the Company's operations, profit usually increases as the year progresses. On top of that, growth is expected due to improved services, new product ranges, and the development of 5G and related technologies. Therefore, we are well on our way to achieving a profit from regular operations of up to ISK 100 million per month on average over the year. Free cash flow is also very strong and increases by ISK 603 million during the period.

Several parts of the business that were affected by COVID are now getting back to normal as the year progresses. We can see an increase in Endor's revenue, an increase in roaming, and advertising sales are on the rise.

Concerning media operations, advertisements are sold out on Vísir for the first time during the first quarter of a year. Radio operations are doing well and there is also growth around our television operations, despite negative trends being evident abroad due to reduced COVID restrictions.

We returned around ISK 2 billion to shareholders in the first quarter of the year through share buyback and we aim to continue doing so this year.

Following the changes in the law on publication of financial results for listed companies we will not have a presentation meeting this quarter. We will give detailed presentations on the half-year and annual results. As before, questions can be sent to us or meetings can be requested."

## Q1 2022 Operating results

The Company's income during Q1 2022 amounted to ISK 5,682 million compared to ISK 5,000 million for the same period in 2021.

Income from media operations amounted to ISK 2,107 million for the first quarter, an increase of ISK 151 million compared to the same quarter last year. Broadband income amounted to ISK 1,122 million in the first quarter, a decrease of 2% from the previous year. Mobile income amounted to ISK 1,401 million an increase of ISK 462 million from the same period in 2021. Income from fixed line amounted to ISK 129 million during the quarter, a decrease of 8% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 465 million in the first quarter of 2022, compared to ISK 313 million for the same period in the year of 2021. Income from retail sales amounted to ISK 274 million during the period, a decrease by 6% compared to the same period in 2021. Other income amounted to ISK 184 million during the quarter, a decrease by 14% compared to the same quarter of 2021.

Cost of sales amounted to ISK 3,666 million, an increase by 9% compared to 2021. Operating expenses amounted to ISK 1,615 million, an increase by 2% compared to the same period in 2021. EBITDA for the period amounted to ISK 1,710 million, increasing by ISK 322 million between years. The EBITDA margin was 30.1% for the period, compared to 27.8% the previous year.

Net financial expenses amounted to ISK 142 million in the first quarter of 2022, which is an increase of ISK 49 million between years. Exchange rate difference was positive in Q1 2022, amounted to ISK 58 million compared to 46 million in Q1 2021.

Loss due to the sale of the Faroese associate Hey of ISK 189 million was recognized in Q1 2021.

Profit for Q1 2022 amounted to ISK 207 million compared to a loss of ISK 231 million for the same period of the previous year.

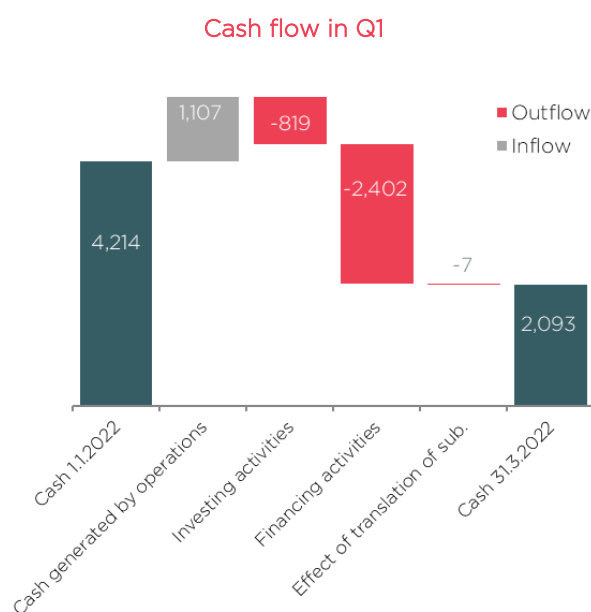
## Q1 2022 Cash flow

Net cash from operating activities in Q1 2022 amounted to ISK 1,107 million, increasing by 104% from previous year.

Investment activities amounted to ISK 819 million in Q1 2022.

The Company's financing activities amounted to ISK 2,402 million in Q1 2022.

Cash equivalents at end of Q1 amounted to ISK 2,093 million, increasing by ISK 1,853 million compared to the same period in 2021.



### Balance sheet on March 31<sup>st</sup>, 2022

Equity at the end of the period was ISK 8,856 million and the equity ratio was 27.2%. Outstanding capital amounted to ISK 2,964 million in nominal value, of which ISK 280.6 million were owned by the Company. The Annual General Meeting on March 18<sup>th</sup> approved the board's proposal of reducing the Company's issued share capital in accordance with the number of own shares. The share capital decrease was implemented on 12<sup>th</sup> of April and the updated total number of shares is 268.376.962.

The Company's total liabilities were ISK 23,662 million at the end of first quarter of 2022. Net interest-bearing debt amounted to ISK 15,813 million. The current ratio was 1.46.

### Further information:

- ✓ Following the changes in the law on publication of financial results for listed companies we will not have a presentation meeting this quarter. We will give detailed presentations on the half-year and annual results.
- ✓ Further inquiries are received via the email address [fjarfestatengsl@syn.is](mailto:fjarfestatengsl@syn.is)

### Financial calendar 2022:

- |                               |                                  |
|-------------------------------|----------------------------------|
| ✓ Q2 2022 Results             | August 31 <sup>st</sup> , 2022   |
| ✓ Q3 2022 Results             | November 2 <sup>nd</sup> , 2022  |
| ✓ Q4 2022 and annual results  | February 15 <sup>th</sup> , 2023 |
| ✓ Annual General meeting 2022 | March 17 <sup>th</sup> , 2023    |